



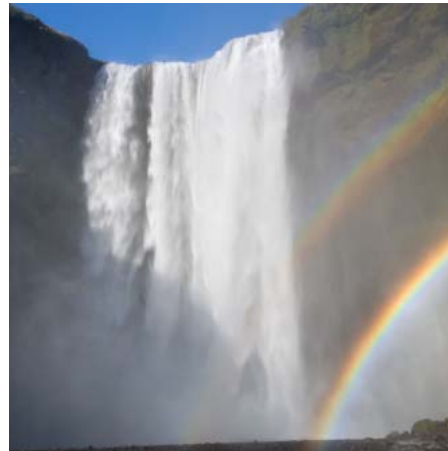
Solar



Water



Wind



Bioenergy

GHG Accounting and RECs: A Marketer's Perspective

Marcus Krembs, Sterling Planet



- **Rise in Corporate America Climate Change Awareness**
- **Greenhouse Gas (GHG) Accounting Standards & Guidance**
- **Market Indicators & Case Studies**

Company Background



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- **Founded in 2000**
- **Activities support renewable energy projects with a combined nameplate capacity rating of greater than 1,500 MW**
- **Active player in compliance (RPS) and national voluntary renewable energy markets**
- **EPA Climate Leaders Partner**
 - “Sterling Planet pledges to achieve net zero U.S. GHG emissions by 2006 and maintain that level through 2010.”



Rise in Corporate America Climate Change Awareness



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■ Non-Financial Reporting Trends (e.g., Global Reporting Initiative)

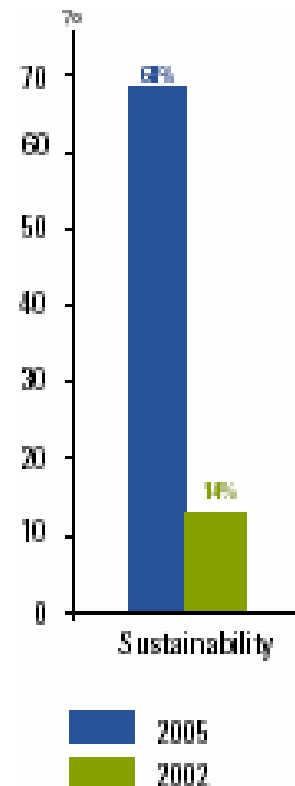


Figure 1: Global 250 (2002, 2005)

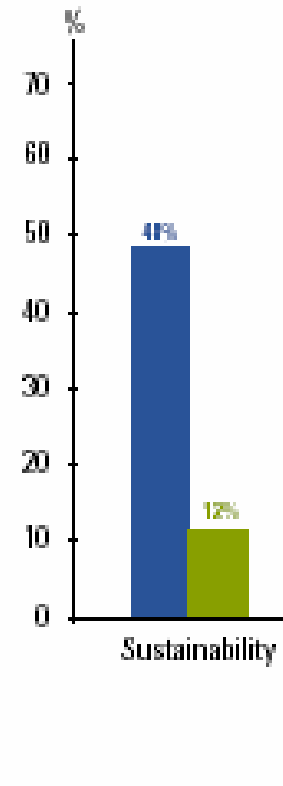


Figure 2: Top 10 in 16 countries (2002, 2005)

Source: KPMG International Survey of Corporate Responsibility Reporting 2005

Rise in Corporate America Climate Change Awareness (cont.)



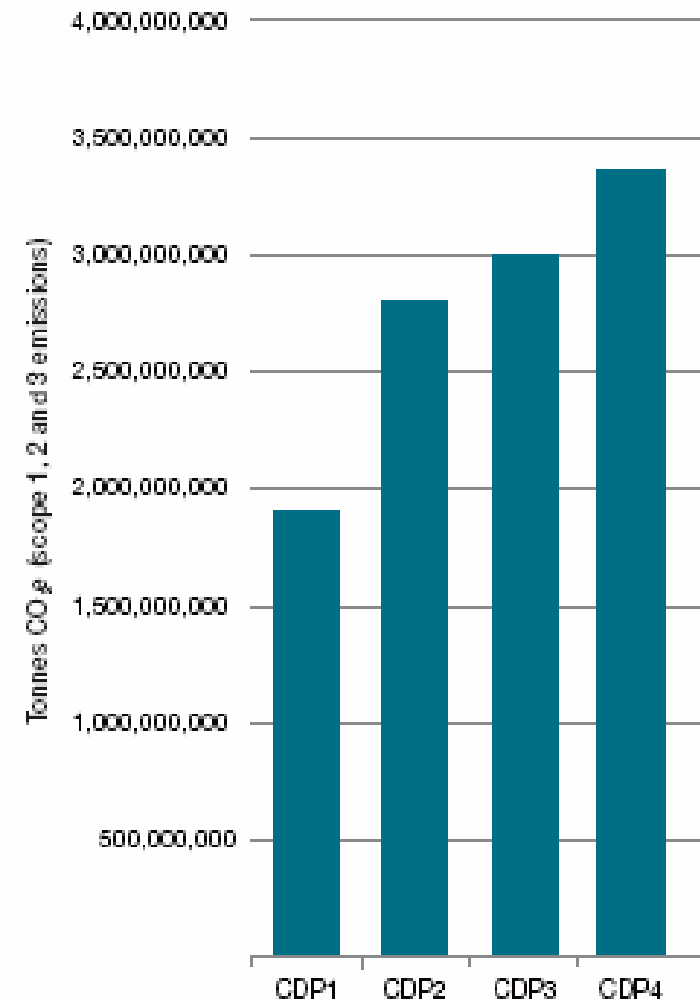
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■ Participation in Carbon Disclosure Project (CDP) Responses

- CDP4: 72% (360 of the FT500), up from 47% in 2003
- 87% indicated climate change represented “**commercial risks and/or opportunities**”

CARBON DISCLOSURE PROJECT

Total Emissions Reported Through CDP



Source: Carbon Disclosure Project Report 2006 (Global FT500)

Rise in Corporate America Climate Change Awareness (cont.)



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- Financial Markets (Dow Jones Sustainability Indexes, FTSE4Good**)
- Media (e.g., An Inconvenient Truth, Focus the Nation, Stop Global Warming Virtual March, Oprah)



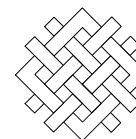
Greenhouse Gas (GHG) Accounting Standards & Guidance



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■ WRI/WBCSD GHG Protocol

- Climate Initiatives Based on the GHG Protocol:



World Business Council for
Sustainable Development

Voluntary Climate Initiatives

- ♦ U.S. EPA Climate Leaders Program**
- ♦ WWF Climate Savers Program

GHG Registries

- ♦ California Climate Action Registry (CCAR)

Reporting Initiatives

- ♦ Global Reporting Initiative (GRI)
- ♦ CERES Sustainable Governance Initiative

Trading Schemes

- ♦ Chicago Climate Exchange (CCX)

Other

- ♦ Climate Neutral Network

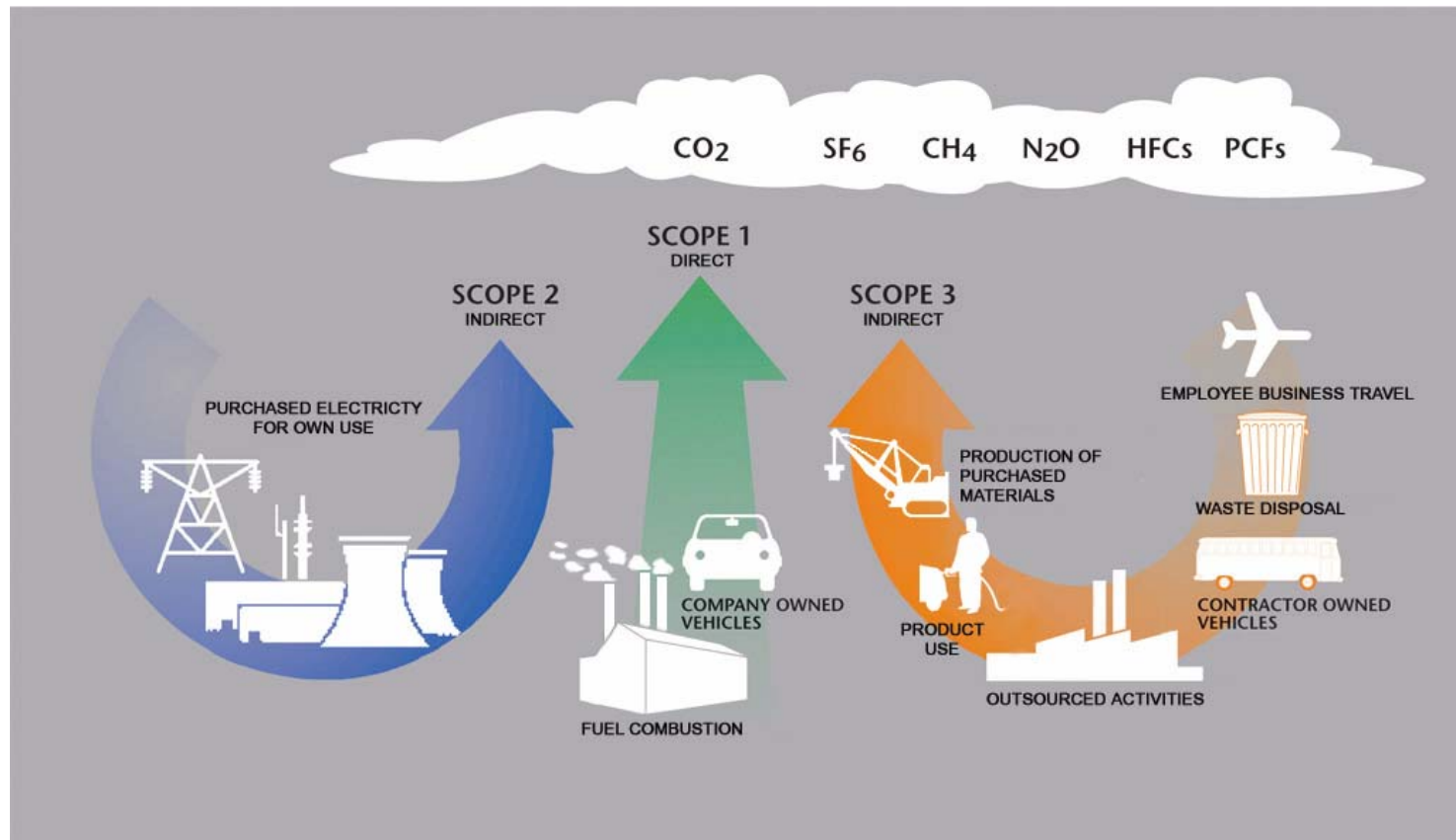


GHG Accounting Standards & Guidance (cont.)



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■ Inventory Assumptions and Reporting Guidelines for RECs



■ RECs can be used as a debit against your scope 2 and 3 (indirect) CO₂ emissions and mitigate your 'carbon footprint'

Source: WBCSD/WRI (2004), *The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition*, World Business Council for Sustainable Development, Geneva, World Resources Institute, Washington, DC

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■ EPA Climate Leaders Draft Guidance for Reporting Purchases of Green Power and RECs (January 2006)

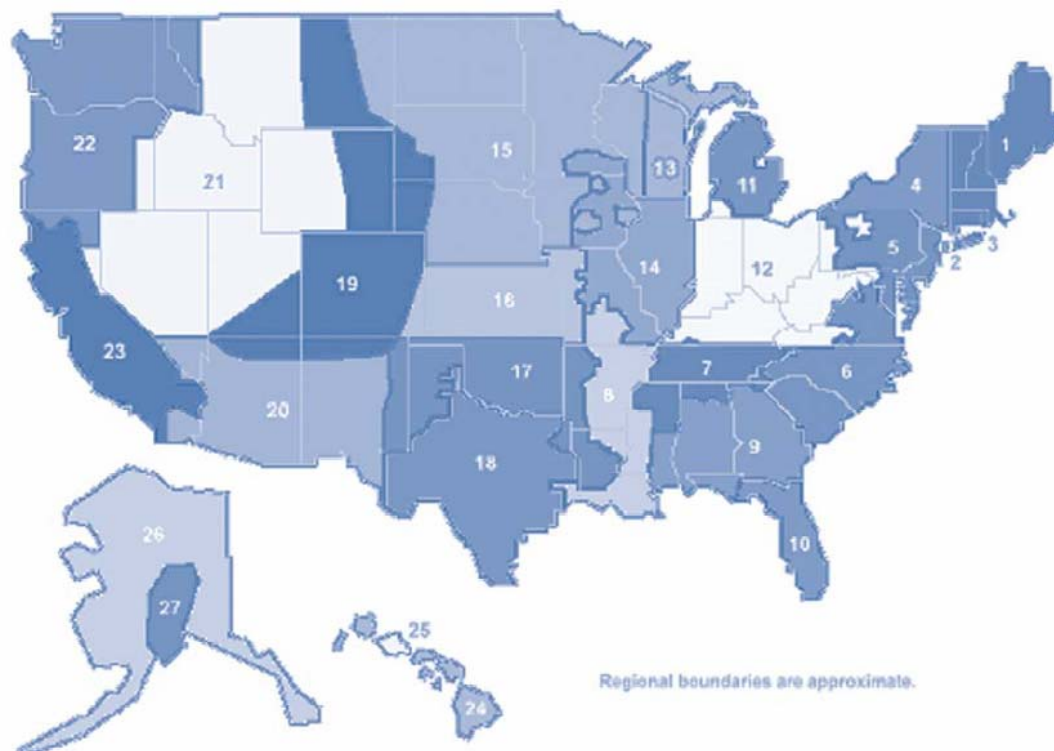
– Inventory Line-Item Adjustment for RECs Purchases

*“To adjust a Partner’s Climate Leaders GHG inventory for purchases of RECs, it is recommended to **multiply the amount of RECs purchased (in MWh) times the average annual CO2 emissions factor for the E-GRID subregion** in which the renewable electricity was generated (and the region in which the avoided CO2 emissions from displaced grid-connected generation is located). This total will appear as a negative number line item for the indirect portion of the inventory on the annual Climate Leaders Inventory Summary and Goal Tracking form.”*

eGRID Subregion CO₂ Emissions Rates



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No.	Name	Abbr.	Year 2000 Emissions Rate (lbs. CO ₂ /MWh)
N/A	National Average	-	1,392
12	ECAR Ohio Valley	ECOV	1,966.53
16	SPP North	SPNO	2,011.15
19	WSCC Rockies	ROCK	1,872.51
22	WSCC Pacific Northwest	NWPN	671.04

Source: Climate Leaders GHG Inventory Protocol, Core Module Guidance, Indirect Emissions from Purchases/Sales of Electricity and Steam (10/04)

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Our View of Retail Market



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- **Sharp increase in demand for CO₂ equivalent (CO₂e) calculations from existing REC purchases, including proposals to prospective clients**
- **REC Product Diversity**
- **Marketing, sales tools and messaging has adapted to the rise in demand**

Case Study: Nike (Corporate-Wide)



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COMMITMENT: Reduce carbon dioxide (CO₂) emissions 13% below 1998 levels by 2005.

STATUS – NIKE REACHED THE 2005 GOAL



“While we knew renewable energy would be a component of our strategy to reach our GHG reduction targets, we [Nike] have been pleasantly surprised at how much it has contributed since our partnership with Sterling Planet began [2003].”

– Lonny Knabe, Sustainable Projects Coordinator-Corporate Facilities

Case Study: Nike (Corporate-Wide)



FACILITY AND TRAVEL CO₂ SUMMARY

YEAR	Facility Electricity TCO ₂	Facility Gas TCO ₂	Green Power	Total Facilities GHG TCO ₂	Travel TCO ₂	Travel Offset TCO ₂	BETC Projects TCO ₂	Total travel TCO ₂	TOTAL CO ₂
1998	84,597	12,364	0	96,961	30,177	0	0	30,177	127,138
1999	85,791	12,585	(450)	97,926	29,648	0	0	29,648	127,575
2000	90,152	13,157	(771)	102,539	30,618	(4,341)	0	26,277	128,816
2001	87,895	12,610	(771)	99,734	30,234	(5,067)	0	25,167	124,901
2002	89,269	12,493	(846)	100,916	36,283	0	(15,331)	20,952	121,868
2003	89,234	12,370	(3,637)	97,966	38,109	0	(46,263)	(8,154)	89,812
2004	86,212	10,740	(8,259)	88,693	50,795	(4,000)	(15,040)	31,755	120,448
2005	84,409	10,750	(17,475)	77,684	47,754	(8,143)	(13,299)	26,312	103,996
GOAL									110,610
2006*	85,000	10,826	(28,820)	56,180	n/a	n/a	n/a	n/a	n/a

Case Study: New Leaf Paper (Supply Chain)



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- New Leaf Paper is the largest paper company in the U.S. that deals exclusively in environmentally superior papers.



NEW LEAF PAPER

manufactured with wind power

“New Leaf will be the first Green Power Partner to provide green power for the entire electricity load of their supply chain.”

- Blaine Collison, EPA Green Power Partnership

Conclusion



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Renewable Energy: Solar. Wind. Water. Bioenergy.

Thank You



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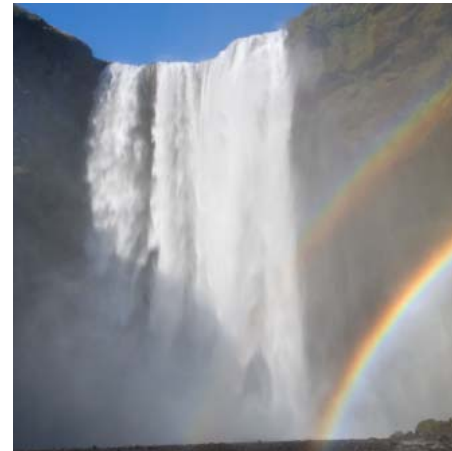
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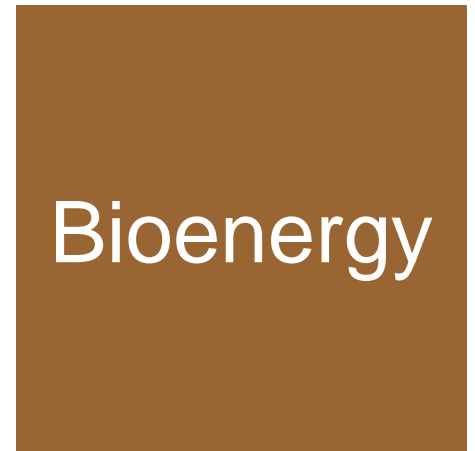
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